

CHAPTER VII

MORTGAGES AND CHARGES

THE astonishing rise of building societies within the last few years has brought a knowledge of mortgages to all of us. But a solicitor's clerk should possess more than a superficial knowledge of this subject.

The Law of Property Act, 1925, effected a radical change in the character of mortgages. Prior to the passing of the Act, a legal mortgagor of freehold property took the whole legal estate in the mortgaged property (i.e. became the legal owner), subject to the equitable right of the mortgagor to have the property reconveyed to him on paying off the mortgage. The new Act gave the mortgagor instead a term of 3,000 years in the land, subject to such term ceasing on the mortgage being redeemed. The legal estate in the property thus remains vested in the mortgagor.

In the case of leasehold property, the mortgagor instead of having the lease assigned to him was given by statute a sub-lease of the premises for the term of the lease less 10 days.

The solicitor's clerk will not in his early days concern himself very closely with the academic effect of this new legislation upon mortgages. He will be aware that a mortgage is a deed to secure payment of money lent on the security of freehold or leasehold property (although mortgages are not

confined to freehold and leasehold
property). If
his firm acts for a bank, the bank will
have its own
printed form of mortgage which he
will be asked